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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 21, 2002

JOINT PETITION OF

XO COMMUNICATIONS, INC., AND CASE NO. PUC-2002-00101
ITS WHOLLY OWNED SUBSIDIARIES,
XO VIRGINIA, LLC, and XO LONG DISTANCE
SERVICES (VIRGINIA), LLC.

For approval of a transfer of control pursuant to a corporate restructuring involving the issuance and sale of new common stock to: (1) certain affiliates of Forstmann Little & Co.; and (2) a subsidiary of Telefonos de Mexico, S.A. de C.V., each to acquire an approximate 40% voting interest

ORDER FOR NOTICE AND COMMENT

On May 15, 2002, XO Communications, Inc. ("XO"), and its wholly owned subsidiary, XO Virginia, LLC ("XO Virginia")¹, together with Telefonos de Mexico, S.A. de C.V. ("Telmex")²,

¹ By Order dated July 28, 1998, in Case No. PUC-1998-00065, NEXTLINK Virginia, L.L.C., was granted Certificate No. TT-55A to provide interexchange telecommunications services and Certificate No. T-415 to provide local exchange telecommunications services in the Commonwealth of Virginia. Those Certificates were revised on February 5, 2001, in Case No. PUC-2001-00001, to reflect the name XO Virginia, LLC, on Certificate Nos. TT-55B and T-415a. XO Virginia currently has tariffs on file with the State Corporation Commission's ("Commission") Division of Communications.

² Through intermediate holding companies, Telmex owns 100% of the capital stock of Teninver, S.A. de C. V., the Mexican entity through which Telmex proposes to make its investment in XO.

Effective April 9, 2002, the new Case Management System requires that the case number format for all Commission orders change from, e.g., PUE010663 to the following: PUE-2001-00663.

Forstmann Little & Co. Equity Partnership-VII, L.P., and Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VIII, L.P. (together, "Forstmann Little"), filed a joint petition requesting approval, pursuant to § 56-88.1 of the Code of Virginia ("Code"), to transfer ownership and control of XO and its operating subsidiaries from Craig O. McCaw³ and the existing shareholders of XO to the shareholders of the restructured and recapitalized XO, including Telmex and Forstmann Little. Subsequently, on June 14, 2002, the joint petition was amended to include XO Long Distance Services (Virginia), LLC ("XO Long Distance"),⁴ a wholly owned subsidiary of XO, as a party to the above-referenced joint petition. XO, XO Virginia, and XO Long Distance are, therefore, collectively referenced as "Petitioners".

The joint petition and its contents are premised on the terms of a Stock Purchase Agreement dated January 15, 2002 (the "Stock Purchase Agreement"), among XO, Forstmann Little, and Telmex. Pursuant to the Stock Purchase Agreement, Telmex and Forstmann Little will each hold approximately 40% of XO's voting

³ Craig O. McCaw currently controls, primarily through control of Eagle River Investments, L.L.C., or has right to vote shares of common stock that in the aggregate represents more than 50% of the voting power of XO common stock.

⁴ XO Long Distance was issued Certificate No. TT-164A on November 27, 2001, in Case No. PUC-2001-00171.

power and will have corresponding representation on XO's Board of Directors. It is not anticipated that any other shareholder will hold more than a 10% interest in XO. This transfer of control will result from XO's planned restructuring involving the modification of XO's existing credit facility, the elimination of all equity and outstanding notes, and the purchase by the above-referenced investors of new common stock in XO for \$800 million. The above-referenced investors will hold their interests independently of one another and have no agreement to act in concert with respect to the future operations of XO and its subsidiaries, except with respect to the election of the Board of Directors.

In their joint petition, Petitioners represent that the change in control does not involve a transfer of operating authority and that XO Virginia will continue to provide intrastate telecommunications services in Virginia under the same name and pursuant to existing authorizations and tariffs. The Petitioners also represent that the contemplated transaction will be transparent to customers in Virginia.

NOW THE COMMISSION, having considered the above-referenced petition, is of the opinion that public notice should be given, interested persons should have an opportunity to comment and request a hearing, and the Commission Staff should file a report detailing the results of its review of the matter.

Accordingly, IT IS ORDERED THAT:

(1) The above-captioned joint petition shall be docketed as Case No. PUC-2002-00101.

(2) The Petitioners shall promptly make a copy of their joint petition and supporting materials filed in Case No. PUC-2002-00101 available to the public, who may obtain a copy of the joint petition at no charge by requesting it in writing from counsel at the address detailed below.

(3) On or before July 26, 2002, any interested person may file comments and/or requests for hearing on the above-referenced joint petition. Any request for hearing shall detail the reasons that such issues cannot be adequately addressed in written comments. Interested persons shall file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, an original and fifteen (15) copies of comments and/or requests for hearing and shall refer to Case No. PUC-2002-00101. A copy of those comments and/or requests for hearing shall simultaneously be sent to counsel as follows: Christopher W. Savage, Esquire, and Karlyn D. Stanley, Esquire, Cole, Raywid & Braverman, L.L.P., 1919 Pennsylvania Avenue, N.W., Suite 200, Washington, D.C. 20006-3458.

(4) On or before July 26, 2002, any person filing comments or requests for hearing may also file a notice of participation in accordance with Rule 80 B of the Commission's Rules of

Practice and Procedure ("Rules"), 5 VAC 5-20-80 B. A copy of any notice of participation must simultaneously be sent to counsel for the Petitioners at the address set forth in Ordering Paragraph (3) herein.

(5) The Commission Staff shall review the above-referenced joint petition and shall file, on or before July 31, 2002, an original and fifteen (15) copies of its report detailing the results of such review.

(6) On or before August 7, 2002, the parties and interested persons may file any response they may have to Staff's Report.

(7) The Petitioners shall respond to written interrogatories within seven (7) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Rules.

(8) On or before July 3, 2002, the Petitioners shall publish the following notice as display advertising, not classified, once in newspapers of general circulation in XO Virginia's service territory.

NOTICE TO THE PUBLIC OF JOINT PETITION OF
XO COMMUNICATIONS, INC., AND ITS WHOLLY
OWNED SUBSIDIARIES, XO VIRGINIA, LLC, AND XO
LONG DISTANCE SERVICES (VIRGINIA), LLC,
CASE NO. PUC-2002-00101

On June 14, 2002, XO Communications,
Inc. ("XO"), and its wholly owned
subsidiaries, XO Virginia, LLC ("XO

Virginia"), XO Long Distance Services (Virginia), LLC, (collectively referenced as "Petitioners"), together with Forstmann Little & Co. Equity Partnership-VII, L.P., and Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VIII, L.P. (together, "Forstmann Little"), and Telefonos de Mexico, S.A. de C.V. ("Telmex") filed an amended joint petition requesting approval, pursuant to § 56-88.1 of the Code of Virginia ("Code"), to transfer ownership and control of XO and its operating subsidiaries from Craig O. McCaw and the existing shareholders of XO to the shareholders of restructured and recapitalized XO, including Telmex and Forstmann Little.

Petitioners represent that the change in control does not involve a transfer of operating authority and that XO Virginia will continue to provide intrastate telecommunications services in Virginia under the same name and pursuant to existing authorizations and tariffs.

Copies of the above-referenced petition are available for inspection during regular business hours at the State Corporation Commission, Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Interested persons may also obtain a copy of the above-referenced petition, at no charge, by requesting a copy in writing from Petitioners' counsel at the address detailed herein.

On or before July 26, 2002, any interested person may file comments and/or request for hearing on the above-referenced petition. Any request for hearing shall detail the reasons that such issues cannot be adequately addressed in written comments. Interested persons must file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 21118, Richmond,

Virginia 23218, an original and fifteen (15) copies of any comments and/or requests for hearing. Such comments and/or requests for hearing must simultaneously be sent to counsel for the Petitioners at the address noted below: Christopher W. Savage, Esquire, and Karlyn D. Stanley, Esquire, Cole, Raywid & Braverman, L.L.P., 1919 Pennsylvania Avenue, N.W., Suite 200, Washington, D.C. 20006-3458.

On or before July 26, 2002, any interested person filing comments and/or request for hearing on the above-referenced joint petition may also file a notice of participation in accordance with Rule 80 B of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-80 B. A copy of any notice of participation must simultaneously be sent to the Petitioners' counsel as detailed herein.

A copy of the Order for Notice and Comment may be obtained from the Clerk of the Commission. The text of the Order may be viewed at the Commission's website:
<http://www.state.va.us/scc/caseinfo/orders.htm>

XO COMMUNICATIONS, INC., AND XO VIRGINIA, LLC

(9) On or before July 3, 2002, the Petitioners shall forthwith serve a copy of this Order on each local exchange telephone carrier certificated in Virginia and each interexchange carrier certificated in Virginia by personal delivery or first class mail, postage prepaid, to the customary place of business. Lists of all current local exchange and interexchange carriers in Virginia are attached to this Order as Appendices A and B, respectively.

(10) On or before July 10, 2002, the Petitioners shall provide the Commission with proof of notice required in Ordering Paragraphs (8) and (9).